



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** SEE BELOW

**DATE:** May 2, 2006

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Approved

Date

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**SUBJECT: Status report on Emergency Communications System Support Fee outreach to businesses: Council Referral No: 12-14-04-3.7**

At the December 14, 2004 Council meeting, Council accepted a status report on the Emergency Communication System Support Fee to Council, and directed staff to sample small, medium and large companies to determine real impacts to businesses and bring back actual case studies.

## EXECUTIVE SUMMARY

The Office of Economic Development conducted this requested research in March and April of 2006. The goal was to secure responses to three core survey questions, and provide opportunity for qualitative comment.

- Did you know that your phone bill includes an “Emergency Communications Fee” of approximately \$1.75 per line that began in January 1, 2005? (Y/N)
- What do you think has been the impact of this fee on the performance of your business in the last year? (no impact/negligible impact/some impact/significant impact)
- Proceeds from this fee are the primary way to cover the City’s cost of staffing the Emergency 911 Service. Without this fee, it is possible that 911 call response time would increase or \$20 million in cuts to city services such as parks and libraries would need to be made to offset the loss of city revenues. Given this information, how strongly do you favor retaining this fee beyond 2006? (very opposed/mildly opposed/very supportive/strongly supportive)

For small businesses (<35 employees), the approach was to solicit responses from a randomly selected sample of companies licensed to do business in San Jose. For medium (35-1,000 employees) and large size (>1,000 employees) companies, the approach was to solicit responses from companies that participate in the City’s Business Appreciation initiative.

General conclusions reached from the random sample of small businesses:

- All small businesses surveyed responded that the 911 Fee had no impact (88%) or negligible impact (12%) on business performance.
- Eighty-nine percent (89%) of the surveyed small businesses are supportive of extending the 911 Emergency Communications Fee, including 65% that are “strongly” supportive. Eleven percent are not supportive of the extension.

General conclusions reached from the outreach to Business Appreciation companies:

- Medium- and large-size companies responded that the fee had no impact (40%) or negligible impact (20%) on business performance.
- Eighty percent (80%) of medium- and large-size companies are supportive or neutral about extending the 911 Emergency Communications Fee.

The sections below describe in more detail the approach and results of the research effort.

## **ANALYSIS**

### **Survey of Small Businesses**

The approach to the small business survey was to conduct a phone survey of a random sample of companies that do business in San Jose, with a goal of soliciting at least 30 complete responses.

To this end, a random sample of 300 businesses was drawn from the 25,000 small businesses in the City’s database of Business Licenses. A team of three business outreach professionals from the Office of Economic Development/Silicon Valley Workforce Investment Network initiated calls to 133 businesses, with 26 follow up calls, for a total of 159 calls made in order to achieve 34 completed responses.

Phone conversations were conducted in English, Spanish, and Vietnamese. The businesses surveyed were across a wide range of industries, (one-person handyman services, realtors, retailers, consultants, designers, professionals, and included many diverse service-oriented businesses). The average employee count in these businesses was five employees, with the range being 1 to 41 employees. Team members spent more than 70 person hours conducting the survey research.

General conclusions reached from this sample survey are that:

- All businesses (34) surveyed responded that the 911 Fee had no impact (30) or negligible impact (4) on business performance.
- Thirty (30) of the 34 businesses surveyed are supportive of extension of the 911 Fee with 22 of those businesses strongly supportive.

For those businesses surveyed, the responses are detailed below.

1. How many employees does your business have? What industry is it in?

Response: Average 5 employees

Response: Industries were represented across many industries as follows:

Construction:	4
Finance/Insurance/Real Estate:	1
Manufacturing:	2
Retail:	8
Miscellaneous Services:	11
Services by Professions:	6
Transportation/Utilities:	2

2. What is the approximate monthly cost of your telephone bill for your business, including both land and cellular lines?

Average:	\$275/month
Low:	\$10/month
High:	\$1,900/month

3. Did you know that your company's phone bill includes an "Emergency Communications Fee" of approximately \$1.75 per phone line that began in December of 2004?

Yes:	10 (29%)
No:	24 (71%)

4. What do you think has been the impact of this fee on the performance of your business in the last year?

No Impact:	30 (88%)
Negligible Impact:	4 (12%)
Some Impact:	0
Significant Impact:	0

5. Proceeds from this phone line fee are the primary way to cover the City's cost of staffing the Emergency 911 Service. Without this fee, it is possible that 911 call response time would increase or \$20 million in cuts to city services such as parks and libraries would

need to be made to offset the loss of city revenues. Given this information, how strongly do you favor retaining this fee beyond 2006?

Strongly Supportive:	22 (65%)
Very Supportive:	8 (24%)
Mildly Opposed:	3 ( 9%)
Very Opposed:	1 ( 2%)

### **San Jose's Leading Companies**

Outreach to San Jose's medium- to large- sized businesses was conducted through the City's Business Appreciation program. The Business Appreciation program was established in 2004 to put senior City and RDA staff in relationship with senior executives at San Jose's 100+ leading companies. Generally, these companies are the city's largest employers and/or the most dynamic, fast-growing companies in their sector.

The eighteen Business Appreciation Account Managers from the City and RDA contacted more than 100 medium- and large-sized businesses in March and April of 2006, and encouraged them to respond to the survey questions. A total of eleven companies choose to provide responses to the survey questions.

The responding companies represented a range of industries: electronics, software/IT services, biotechnology, major retail, security, construction and business services. They collectively employ approximately 6,800 employees.

Staff spent more than 40 hours soliciting and tracking responses.

Responses are summarized below.

1. What is the approximate monthly cost of your telephone bill for your business, including both land and cellular lines?

The monthly cost figures provided by the responding companies ranged from \$90 to \$33,000 per month, however eight of the eleven incurred monthly bills of \$7,000 or higher. An average monthly cost is not as useful in this instance due to the wide range between the low and high figures. Following are the average monthly cost figures according to industry type:

Hi-tech and Bio-tech:	\$25,380
Retail development/auto dealer:	\$ 9,750
Business services:	\$ 8,300
Construction:	\$ 90

2. Did your company know that the company's phone bill includes an "Emergency Communications Fee" of approximately \$1.75 per phone line that began in December of 2004?

Yes they were aware:	3 (30%)
No they were not aware:	7 (70%)
Declined to state:	1

3. What do you think has been the impact of this fee on the performance of your business in the last year?

No impact:	4 (40%)
Negligible impact	2 (20%)
Some impact:	3 (30%)
Significant impact:	1 (10%)
Declined to state:	1

4. Proceeds from this phone line fee are the primary way to cover the City's cost of staffing the Emergency 911 Service. Without this fee, it is possible that 911 call response time would increase or that \$20 million in cuts to City services such as parks and libraries would need to be made to offset the loss of city revenues. Given this information, how strongly do you favor retaining this fee beyond 2006?

Strongly supportive:	2 (20%)
Very supportive	5 (50%)
Mildly opposed:	1 (10%)
Very opposed:	1 (10%)
Neutral:	1 (10%)
Declined to state:	1

## **PUBLIC OUTREACH**

An article describing this survey research was included in the March edition of the San Jose/Silicon Valley Chamber of Commerce newsletter, *The Chamber Advocate*, along with contact information for the Director of Economic Development. A copy of the article is attached. The Advocate was sent to 4,500 Chamber members, as well as inserted into 12,000 copies of the *San Jose Silicon Valley Business Journal*, which has a pass-along rate of four people per issue resulting in exposure to 48,000 readers.

This article generated one call to the Office of Economic Development about the 911 Emergency Communications Fee questioning whether companies using Voice Over Internet Protocol (VOIP) are subject to the fee. The answer is yes.

HONORABLE MAYOR AND CITY COUNCIL

May 2, 2006

**Subject: Emergency Communications System Support Fee status report**

Page 6 of 6

### **COORDINATION**

This memorandum was coordinated with the Budget Office, the City Manager's Office, and the Finance Department.

### **FISCAL IMPLICATIONS**

The reauthorization of the Emergency Communication System Support Fee is the cornerstone of the General Fund budget balancing strategy for 2006-2007. The 2006-2007 Proposed Operating Budget includes a proposal to extend the Emergency Response Fee, generating \$10.4 million in 2006-2007 for a half year of the Fee, and \$20.6 million ongoing.

PAUL KRUTKO

Director, Office of Economic Development

For questions please contact Paul Krutko, Director of OED, at 535-8179.

## 9-1-1 Services Help Keep SJ America's Safest Big City

By Paul Krutko

Seconds count in an emergency! When you have an emergency at your business, we all know to simply dial 9-1-1. It is an easy telephone number to remember. When police, fire, or medical emergencies occur, 9-1-1 can help save precious time.

Your call is quickly answered—usually within a few seconds—by a trained emergency call agent who will provide you with the assistance and response you require to keep you, your employees and customers and helping to maintain vital business continuity.

In 2004, the City of San José instituted a nominal monthly fee of \$1.75 per line, charged on every telephone line (land-line or cellular line with a billing address located within the City of San José) to maintain and scale the City's 9-1-1 Emergency Communications Services (ECS), allowing accessibility of the City's emergency communications system to telephone subscribers.

The fee funds the \$20 million operating budget of ECS—services that help keep America's 10th most populous city one of the safest big cities in the U.S. It also funds a service that is provided to all businesses and residents within San José.

Money collected from the fee covers salaries of the employees who work in the dispatch center, as well as an annualized cost of the equipment and facilities used to support the emergency response function.

This year, the fee is scheduled to sunset, or end, this year. If the fee is not reauthorized the \$20 million ECS operating budget will either need to be scaled back—threatening operation of the system and putting many businesses and residents at risk—or will necessitate cuts from other areas, such as police, fire and youth services programs.

Prior to the City's consideration to reinstate the fee, input will be sought from the business community about that process. The Office of Economic Development is surveying small (<35), medium (35-1,000) and large (1,000+) businesses to determine fee impacts and report our findings, including case studies, to the San José City Council. The survey will take place throughout March and completed in early April. The survey will query businesses on the impact of the ECS fee on their business performance over the past year.

Paul Krutko is director of the Office of Economic Development (OED) for the City of San José. For more information about OED, visit [www.sjeconomy.com](http://www.sjeconomy.com).

If you have questions about this article, please call OED at (408) 535-8181.

**Content for this page supplied by the San Jose Office of Economic Development.**



Krutko



## From Ireland to Silicon Valley

Dublin and San Jose Celebrate 20 Years of Sharing Innovation

Each year, the Lord Mayor of Dublin, Ireland visits San Jose with a delegation to celebrate the important civic bond that our cities share through a formal sister city relationship.

The visit this month will mark the 20th anniversary of the San Jose-Dublin sister city relationship.

Lord Mayor Catherine Byrne and a delegation from Dublin, including two members of the Dublin City Council, will arrive in San Jose March 10. The Office of Economic Development and the San Jose-Dublin Sister City Committee will organize five days of meetings and site visits for the Lord Mayor and delegation during their stay.

Ireland Prime Minister Bertie Ahern, Dublin's Lord Mayor in 1986, the year the sister city linkage was established, will also travel to San Jose to recognize the important sister city ties.

There are several significant events in March to celebrate Dublin's 20-year sister city status. They include:

- A Welcome Breakfast, sponsored by the San Jose-Dublin Sister City Committee, 8 a.m., Monday, March 13, Capital Club, 17th Floor of the Knight-Ridder Building.

- Following the breakfast, a Flag-Raising Ceremony will be held in front of our new City Hall at 10 a.m., Monday, March 13. Students from St. John Vianney School in San Jose will



The Mayor of Dublin observed the raising of the flag at last year's ceremony with San Jose's elected officials and military personnel.

sing the U.S. and Irish national anthems following the flag-raising.

- The following day, Tuesday, March 14, the annual Spirit of Ireland Dinner will be held at the Fairmont Hotel. Prime Minister Bertie Ahern will be the guest of honor, and past recipients of the Spirit of Ireland Award will be recognized. A no-host reception is scheduled at 6:30 p.m., with seating for the dinner at 7:30 p.m. The dinner is black-tie optional. Cost: \$150 per ticket or \$1,500 for a table. Register at [www.sanjose-dublin.org](http://www.sanjose-dublin.org).

I hope you will join me at these events to celebrate this momentous San José—Dublin milestone.

Paul Krutko is the director, Office of Economic Development, City of San Jose.

## City to host inaugural cycling classic

Building on San José's success as being the only city to host two stages of the Amgen Tour of California, San José will host a multiple category weekend cycling event, the San José Cycling Classic, May 2007. The event, a three-day Friday, Saturday and Sunday, domestic professional, amateur and community cycling gathering and competition, is expected to attract more than 2,000 cycling athletes, 25,000 spectators and 50 cycling-related exhibitors.

The program for the event will encompass a category 1-5 amateur road criterium (a multi-lap one-day race), a USA Cycling-sanctioned Olympic-level BMX competition, a NORBA (National Off-Road Bicycle Association)-sanctioned mountain biking competition, an invitational dirt-jump competition, a public century ride,

cycling and health exhibitions and a two-night weekend evening street fair in downtown San José with heavy involvement from local restaurants, nightclubs and bars.

San José has a long cycling history: the city's first bicycle club was formed in 1884; one of the first pedal bicycles was invented here. The San José Cycling Classic will build on this history to further the City of San José and the greater South Bay region as a global center of amateur and professional cycling sport. Funds raised from the San José Cycling Classic will be earmarked to enhancing, building and maintaining the South Bay's public cycling infrastructure and promoting cycling safety.

The board of directors of the San José Cycling Classic intends to coalesce civic, business and community leaders

who want to use cycling as a way to raise overall quality-of-life, to advocate its fitness benefits and to serve as an economic driver. The board of directors includes: Jeffrey Fillerup, partner, Luce Forward; Carl Guardino, president and CEO, Silicon Valley Leadership Group; Jeremy Hartman, CEO, Communication; Paul Krutko, director, Office of Economic Development, City of San José; Dean Munro, executive director, San José Sports Authority; Kim Walesh, assistant director, Office of Economic Development, City of San José and Kevin Winterfield, internal and executive communications, IBM Silicon Valley Laboratory.

For more information about sponsorship opportunities, please contact Kim Walesh, 408.535.8177, or [kim.walesh@sanjoseca.gov](mailto:kim.walesh@sanjoseca.gov).